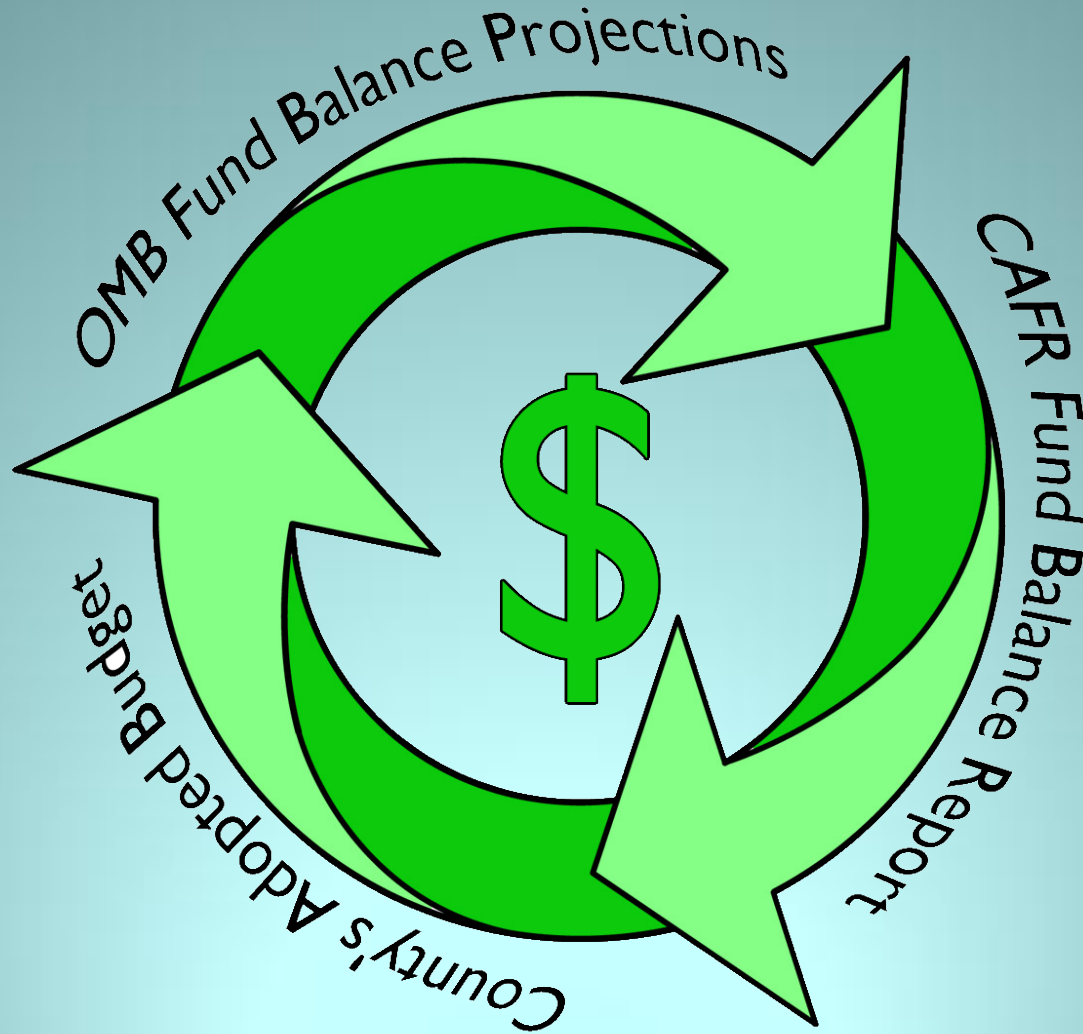




BOCC BUDGET WORKSHOP

Updated Fund Balance Presentation

February 28, 2012





- The County's budget is on an October 1 to September 30 fiscal year:
- The County is required by law, Florida Statute 129.01(3)(b), to adopt a balance budget
- The County's budget is funded from:
 1. Incoming Fiscal Year Revenues (Recurring)
 2. Prior Year Unused Revenues (Fund Balance)



Since the 2007 Tax Reform Mandate, passage of Amendment 1 in January 2008 and the occurrence of the Great Recession, the County has experienced an astronomical loss of property tax revenues.

The loss of general fund-fine & forfeiture (operating budget) tax revenue exceeds \$58 Million, even with the \$9.7 Million tax revenue generated from the 2011 millage increase. There was also an additional loss of operating revenue from other sources in excess of \$3 Million; for a total loss of operating revenue in excess of \$61 Million.



During the 5-Year Period, the Fund Balance has become a more critical component to balance the operating budget.

The BOCC has been able to meet the challenge of balancing the operating budget in cooperation with the Constitutionals, State Agencies, outside Agencies and the Citizens' Budget Committee.



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OMB's Fund Balance Projections

- OMB's Fund Balance Numbers are Projected Numbers.
- An ESTIMATE of the ending 2011 Fund Balance in each fund was calculated and budgeted as the beginning balance in the 2012 budget.
- The budgeted fund balance was approved when the budget was adopted in September 2011.
- 2011 revenues and expenses continued to be processed after September 30th up to mid-November.



- Staff prepared an updated estimate once the 2011 activity was substantially complete.
- All 2011 items are processed and the audit will be completed by March 31st.
- Once the 2011 audit is complete, the 2012 budget will be amended to reflect the ACTUAL Fund Balance.



- Florida Statute 218.39 requires annual audits of County funds and a complete set of financial statements be published within one year of the end of the fiscal year.
- Berger, Toombs, Elam, Gaines & Frank (an outside, independent certified public accounting firm) performs the annual audit.
- The Comprehensive Annual Financial Report (CAFR), is prepared by the Finance Department of the Office of the Clerk of the Circuit Court.



CAFR Fund Balance Report

CAFR's FUND BALANCE NUMBERS ARE AUDITED NUMBERS

- CAFR Includes Fund Balance Numbers For All 56 Governmental Funds
- CAFR Also Includes Fund Balance Numbers For Insurance Fund

Of the 56 Governmental Funds, Fund Balance from only two funds are used for the Operating Budget: General Fund/Fine & Forfeiture Fund



County's Adopted Budget

- **From a budget standpoint, the CAFR Fund Balance numbers must be viewed in the context of three fiscal years:**

Prior Fiscal Year:

1. Actual amount of savings at end of prior year's budget

Current Fiscal Year:

2. Portion of the actual savings is already built into current year's budget

Future Fiscal Years:

3. Remainder of the actual savings designated for Budget Stabilization for future year(s) budget



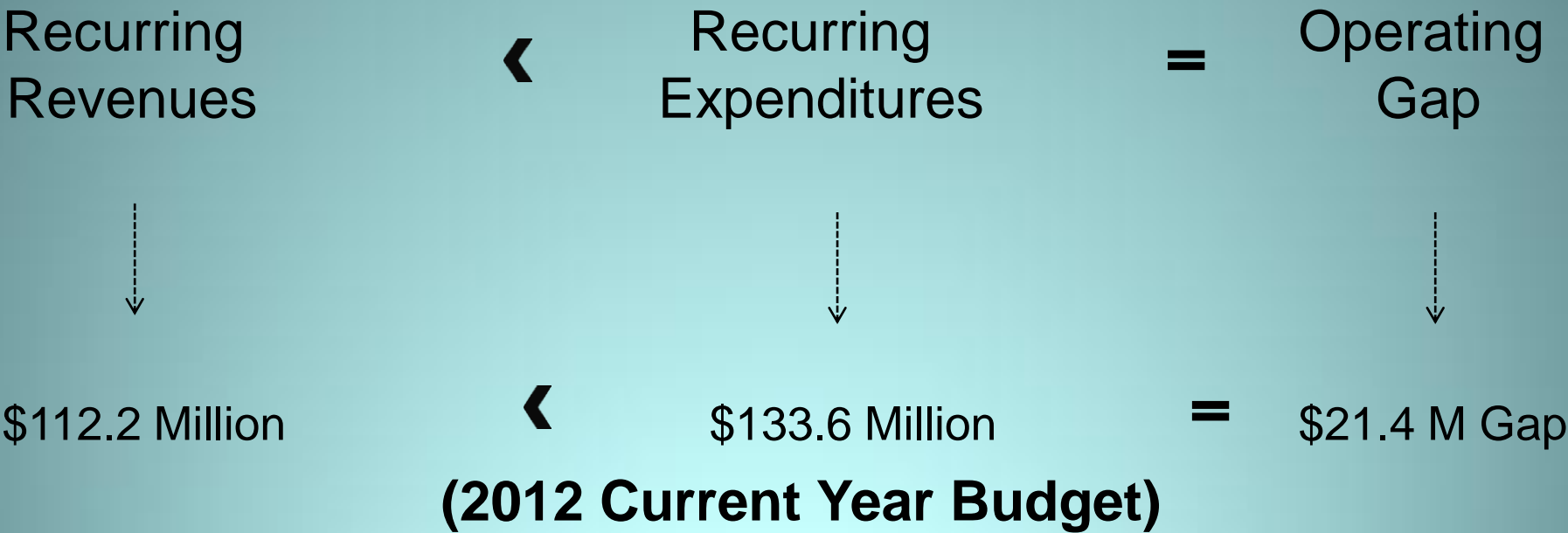
- CAFR Fund Balance Report includes the following components:
 - Actual Unspent Dollars From All Funds: Savings
 - Emergency Reserves: Set Aside for Hurricane Recovery
 - Advances/Prepaid Items: Non-Spendables



- **To get to Operating Fund Balance Number:**
 - Back out restricted Fund Balance: Typically 60%
 - Back out emergency reserves
 - Back out advances/prepaid items-non-spendables
- **Remaining is Operating Fund Balance: General Fund – Fine & Forfeiture**



County's Current Operating Budget Situation





County's Methodology to Balance Operating Budget

Recurring Revenues \$112.2M	+	Fund Balance (Savings) \$21.4M	=	Recurring Expenditures \$133.6M
		\$133.6 M Revenue	=	\$133.6 M Expenditures

Note: The Amended 2012 Total Budget is \$544 million



In Sum Fund Balance Used To:

1. Balance ensuing fiscal year budget
2012 Budget
2. Fund Outside Agencies
3. Fund Operating Gap in Future Fiscal Years:
Budget Stabilization
2013 Budget: October 1, 2012
2014 Budget: October 1, 2013



Pre-Adopted Budget Fund Balance Update

Adopted Budget Operating FB	\$54,374,139
Operating FB Used to Balance 2012	<u>\$21,735,815</u>
	\$32,638,324

Projected Use of Remaining Operating FB

2013 Operating Gap	\$21,735,815
2014 Operating Gap	\$10,902,509

On 8/23/11, the budget gap was projected to be \$21,735,815 (\$111,273,982 in revenues and \$133,009,797 in expenses).

Note: Projections based on revenue and expenses staying at 2012 level. Based on this, the projected gap to be closed for 2014 would have been: \$10,833,306.



Adopted Budget Operating Fund Balance

Updated Projected Subtotal 8/23/11		\$ 54,374,139
-2012 Operating Expenses:	\$133,603,292	
-2012 Operating Revenue:	\$112,172,056	
Projected 2012 Operating Gap		\$ 21,431,236
Remaining Projected Operating Fund Balance		\$ 32,942,903
Funding Toward 2013 Operating Gap		\$ 21,520,120
Funding Toward 2014 Operating Gap		\$ 11,422,783

The gap was updated prior to the adoption of the budget to the figures listed above.

Note: Projections based on revenue and expenses staying at 2012 level. Based on this, the projected gap to be closed for 2014 would have been: \$10,008,453.



Fund Balance Updates Since Budget Adoption

First One: 12/20/11

Adopted Budget Operating Fund Balance	\$54,374,139
Additional Excess Fees	\$ 1,491,373
Supervisor of Elections Freed-up Dollars	\$ 100,000
Research & Education Park Advance	(\$ 113,400)
Health Insurance Premium Reduction (BOCC Portion)	\$ 800,000
Reinstatement/Reclassification of Positions 2012	<u>(\$ 74,030)</u>
	\$56,578,082



Fund Balance Updates Since Budget Adoption

Second One: 2/28/12

December 20, 2011 Update	\$56,578,082
Additional Sales Tax/State Shared Revenue	\$936,600
Property Tax Collections in excess of 95% Budget	\$1,358,274
Other Revenues in excess of Budget	\$1,180,675
Savings achieved in 2011	<u>\$3,429,984</u>
	\$63,483,615



Operating Fund Balance Changes Since Budget Adoption

Additional Excess Fees	\$1,491,373
Supervisor of Elections Freed-up Dollars	\$ 100,000
Research & Education Park Advance	(\$ 113,400)
Health Insurance Premium Reduction (BOCC Portion)	\$ 800,000
Reinstatement/Reclassification of Positions 2012	(\$ 74,030)
Additional Sales Tax/State Shared Revenue	\$ 936,600
Property Tax Collections in excess of 95% Budget	\$ 1,358,274
Other Revenues in excess of Budget	\$ 1,180,675
Savings achieved in 2011	<u>\$ 3,429,984</u>
	\$ 9,109,476



Updated Operating Fund Balance Staff's 2/28/12 Update

Subtotal Projected 2012 Operating Fund Balance	\$ 54,374,139
Additional Excess Fees	\$ 1,491,373
Supervisor of Elections	\$ 100,000
Research & Education Park Advance	\$ (113,400)
Health Insurance Premium Reduction (BOCC Portion)	\$ 800,000
Reinstatement/Reclassification of Positions - 2012	\$ (74,030)
Additional Sales Tax/State Shared Revenue	\$ 936,600
Property Tax Collections in excess of 95% Budget	\$ 1,358,274
Other Revenues in excess of Budget	\$ 1,180,675
Savings achieved in 2011: (Expenditure Reductions)	<u>\$ 3,429,984</u>
Updated Projected Subtotal: +\$9,109,476	\$ 63,483,615



Updated Operating Fund Balance Staff's 2/28/12 Update

Updated Projected Subtotal 2/28/12		\$ 63,483,615
-2012 Operating Expenses:	\$133,603,292	
-2012 Operating Revenue:	\$112,172,056	
Projected 2012 Operating Gap		\$ 21,431,236
Remaining Projected Operating Fund Balance		\$ 42,052,379
Funding Toward 2013 Operating Gap		\$ 21,520,120
Funding Toward 2014 Operating Gap		\$ 20,532,259

Note: Projections based on revenue and expenses staying at 2012 level. Based on this, the projected gap needed to be closed for 2014 would be \$987,861.



Staff Projected Total (All Funds) **2011 Fund Balance Amount**

\$209,511,008

• GF/FF (Operating)	\$ 63 M (30%)
• Non-GF/FF (Restricted)	\$ 124 M (59%)
• Emergency Reserves:	\$ 13 M
• Non-spendables:	<u>\$ 9 M</u>
	\$209 M

Note: 2010 Total Fund Balance Amount: \$ 228,417,124
2009 Total Fund Balance Amount: \$ 240,088,180

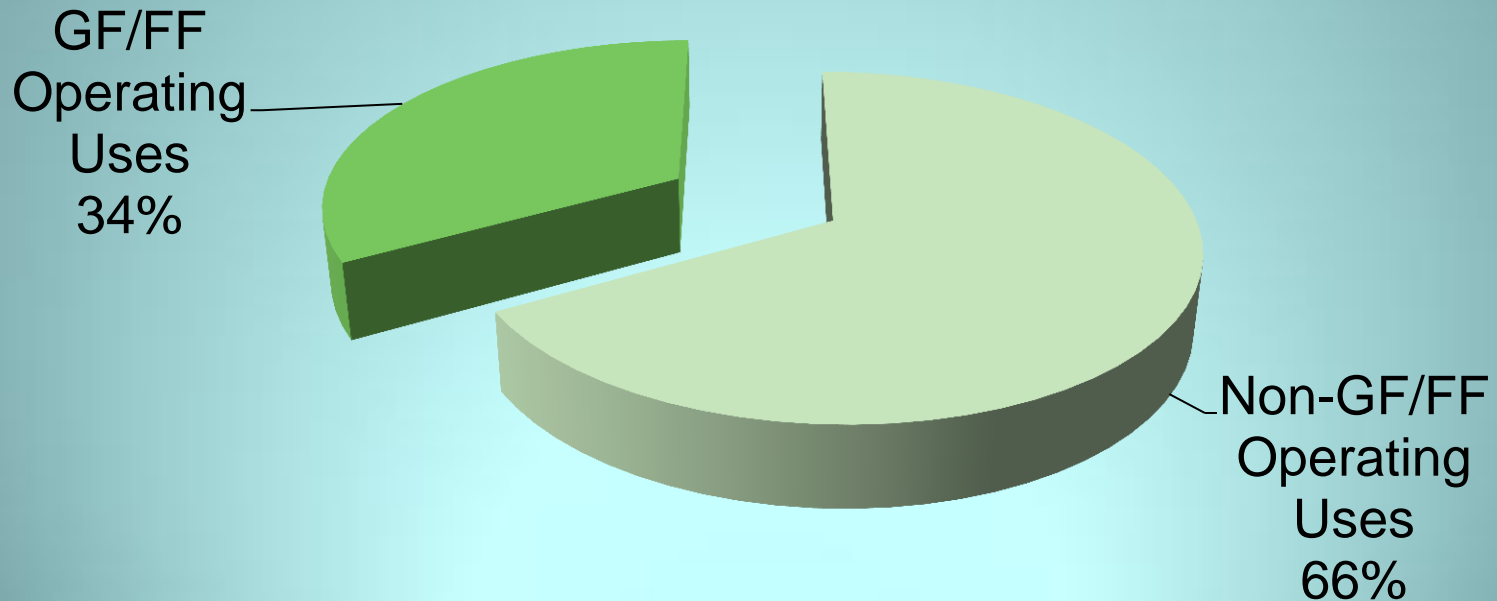


- **To get to Operating Fund Balance Number:**
 - Back out restricted Fund Balance: Typically 60%
 - Back out emergency reserves
 - Back out advances/prepaid items-non-spendables
- **Remaining is Operating Fund Balance: General Fund – Fine & Forfeiture**



Governmental Funds

Non-GF/FF Operating Uses	\$ 124,027,393	66%
<u>GF/FF Operating Uses</u>	<u>\$ 63,483,615</u>	<u>34%</u>
Total Fund Balance	\$ 187,511,008	100%





Footnotes:

1. Non-spendable fund balance (advances, inventory and prepaid expenses) is not included: \$9M
2. Does not include Emergency Reserves: \$13M
3. Does not include fund balance for grant funds.



Updated Operating Fund Balance

Staff's 2/28/12 Update

Updated Projected Subtotal 2/28/12		\$ 63,483,615
-2012 Operating Expenses:	\$133,603,292	
-2012 Operating Revenue:	\$112,172,056	
Projected 2012 Operating Gap		\$ 21,431,236
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In Sum

Based on the latest operating fund balance projections:

- Should operating revenues and operating expenses stabilize or incur modest changes; and
- Should there be no decimating budget impacts from the State

The BOCC should be able to balance the 2013 budget with no millage increase, no staff reductions, no program cuts and no service cuts.



Based on the latest operating fund balance projections and the actual amount used to balance the 2013 operating budget:

- The BOCC is in a better position to balance the 2014 budget

However, depending on the outcome of the 2012 Legislative Session (ends March 10th), the budget outlook for 2014 is subject to change dramatically.



Overarching Goal

The County's operating budget must be brought into fiscal sustainability (recurring operating revenues = recurring operating expenses) before time and sufficient fund balance money to close the operating gap run out. It appears the County may reach that point in either 2014 or 2015.

Development of a Fiscal Sustainability Plan will require the continued collective effort of the BOCC, Constitutionals, State Agencies, outside Agencies and the Citizens' Budget Committee.

After adoption of the 2013 budget, staff will seek Board direction on the process to develop the Plan and when to start the process.

Note: Should property values come back to an adequate level and adequate increases from the other sources of operating revenue are generated to balance the county's operating budget, a Fiscal Sustainability Plan would not be needed.



Next Steps

- 2011 CAFR Expected to be Ready End of March 2012

2011 CAFR Presentation will confirm Fund Balance Numbers. Staff Numbers will be Reconciled and Budget will be amended.

- May 22nd Budget Workshop: 2011 CAFR Presentation
(External Auditor & Funded Agencies)
 - Staff Presentation: Updated Operating Gap
 - Budget Triggers
 - Board Direction on 2013 Budget Reviews Format



Board Action

- Affirm Board's Guidance:
No 2012 Strategic Planning Session
- Affirm Board's Guidance:
No Proposed Millage Increase in 2013 Recommended Budget